
**MMA Testimony on SB 73 - The House Natural Resources, Great
Lakes, Land Use, and Environment Committee
6-2-05**

Mr. Chairman, thank you for taking up this economic development bill. We thank you for recognizing the importance of obtaining offset credits in nonattainment areas for retaining and attracting manufacturing investment and job growth.

I will give you a little background to help explain what this bill does and why it is so important for companies in the newly designated nonattainment areas. I have distributed a map of the areas, which EPA designated as nonattainment. There are 24 counties designated under the new 8 hour standard. Prior to the 2004 designation Michigan was the only industrial state to be in full compliance with the National Ambient Air Quality Standards.

As you all know, the non attainment area designation places a ceiling on emissions in those counties, which is effectively a no growth policy for these counties. New sources in those counties cannot operate until other close down or reduce emissions. These reductions below the ceiling are called offsets, because emission increases are offset by other reductions under the cap.

This bill really just fixes language in Michigan's administrative **Rule 220** that states:

“only those offsets occurring after the year used as the baseline for the SIP, or the date on which an area is classified nonattainment for an air contaminant, which ever is later.”

The first part reflects federal law, or **Jan. 1, 2003**, and the second part goes beyond federal law and limits offset use only to **June 15, 2004**. The difference is a year and a half of credits. We believe we ought to have the same flexibility allowed other states under federal law.

This is about economic growth in non-attainment areas. Companies in nonattainment areas already suffer competitive disadvantages by being in nonattainment areas. They should have the same flexibility as their competitors in other states.

DEQ has drafted some rules that include language that reflects the language in this bill. I will let them speak for themselves, but my understanding is they support this language. The bill passed the Senate unanimously.

The bill can fix the problem quicker than the rules process. So we hope this committee can help job providers find offset credits and invest their growth dollars in Michigan.

With that, Mr. Chairman, I am happy to address any questions.

8-hour Ozone Nonattainment

June 15, 2004

(adjusted November 22, 2004)

EPA Action Sept. 15, 2004
Reclassification of SE
Michigan, Muskegon, and
Cass Counties from
Moderate to Marginal

